

HOUSE BILL No. 1747

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30-19; IC 4-31-14; IC 4-33-16; IC 5-11-1-24.

Synopsis: Audits of gaming regulators. Requires the state board of accounts to annually audit all phases of the operations of the state lottery commission, the horse racing commission, and the gaming commission. Provides that the budget agency may contract with a certified public accountant for an annual financial audit of the state lottery commission, the horse racing commission, and the gaming commission. Provides that an audit performed by a certified public accountant under a contract with the budget agency may not be substituted for the required audit of the state board of accounts.

Effective: July 1, 2003.

Scholer

January 21, 2003, read first time and referred to Committee on Appointments and Claims.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1747

A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-30-19-1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) The budget
3 agency ~~shall~~ **may** contract with a certified public accountant for an
4 annual financial audit of the commission. **An audit conducted under**
5 **this section may not be substituted for the audit of the state board**
6 **of accounts required under section 2 of this chapter.**
7 (b) The certified public accountant may not have a significant
8 financial interest, as determined by the commission, in a vendor or
9 retailer with whom the commission is under contract. The certified
10 public accountant shall present an audit report not later than seven (7)
11 months after the end of each fiscal year and shall make
12 recommendations to enhance the earning capability of the lottery and
13 to improve the efficiency of commission operations. The certified
14 public accountant shall perform a study and evaluation of internal
15 accounting controls and shall express an opinion on the controls that
16 were in effect during the audit period.
17 (c) The commission shall pay the cost of the annual financial audit.



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SECTION 2. IC 4-30-19-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) **In addition to any other examination conducted by a private examiner under this chapter, the state examiner of the state board of accounts may at any time shall conduct an annual audit of any phase all phases of the operations of the lottery and personally or through the state board's deputy examiners or field examiners. The commission shall pay for all costs of the audit.**

(b) **The state board of accounts shall receive a copy of the any yearly independent financial audit and any security report prepared under this article.**

SECTION 3. IC 4-31-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 14. Annual Audit of Financial Records and Reports

Sec. 1. (a) **The budget agency may contract with a certified public accountant for an annual financial audit of the commission. An audit conducted under this section may not be substituted for the audit of the state board of accounts required under section 2 of this chapter.**

(b) **The certified public accountant may not have a significant financial interest, as determined by the commission, in a vendor or retailer with whom the commission is under contract. The certified public accountant shall present an audit report not later than seven (7) months after the end of each fiscal year and shall make recommendations to enhance the earning capability of pari-mutuel wagering on horse races and to improve the efficiency of commission operations. The certified public accountant shall perform a study and evaluation of internal accounting controls and shall express an opinion on the controls that were in effect during the audit period.**

(c) **The commission shall pay the cost of the annual financial audit.**

Sec. 2. (a) **In addition to any other examination conducted by a private examiner under this chapter, the state examiner of the state board of accounts shall conduct an annual audit of all phases of the operations of the commission personally or through the state board's deputy examiners or field examiners. The commission shall pay for all costs of the audit.**

(b) **The state board of accounts shall receive a copy of any yearly independent financial audit prepared under this article.**

Sec. 3. **A copy of an audit performed under this chapter shall be**

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submitted to the director, the commission members, the budget agency, the governor, and the executive director of the legislative services agency.

SECTION 4. IC 4-33-16 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 16. Annual Audit of Financial Records and Reports

Sec. 1. (a) The budget agency may contract with a certified public accountant for an annual financial audit of the commission. An audit conducted under this section may not be substituted for the audit of the state board of accounts required under section 2 of this chapter.

(b) The certified public accountant may not have a significant financial interest, as determined by the commission, in a vendor or retailer with whom the commission is under contract. The certified public accountant shall present an audit report not later than seven (7) months after the end of each fiscal year and shall make recommendations to enhance the earning capability of riverboat gaming and to improve the efficiency of commission operations. The certified public accountant shall perform a study and evaluation of internal accounting controls and shall express an opinion on the controls that were in effect during the audit period.

(c) The commission shall pay the cost of the annual financial audit.

Sec. 2. (a) In addition to any other examination conducted by a private examiner under this chapter, the state examiner of the state board of accounts shall conduct an annual audit of all phases of the operations of the commission personally or through the state board's deputy examiners or field examiners. The commission shall pay for all costs of the audit.

(b) The state board of accounts shall receive a copy of any yearly independent financial audit prepared under this article.

Sec. 3. A copy of an audit performed under this chapter shall be submitted to the director, the commission members, the budget agency, the governor, and the executive director of the legislative services agency.

SECTION 5. IC 5-11-1-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 24. (a) The state board of accounts shall establish in writing uniform compliance guidelines for the examinations and reports required by this chapter. The uniform compliance guidelines must include the standards that an entity must observe to avoid a finding that is critical of the entity for a reason other



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than the entity's failure to comply with a specific law.

(b) The state board of accounts may not establish guidelines for the auditing of an entity that are inconsistent with any federal audit guidelines that govern the entity.

(c) The state board of accounts must distribute the uniform compliance guidelines to each entity that the state board of accounts may audit.

(d) If the state board of accounts engages or authorizes the engagement of a private examiner to perform an examination under this chapter, the examination and report must comply with the uniform compliance guidelines established under subsection (a). If a person subject to examination under this chapter engages a private examiner, the contract with the private examiner must require the examination and report to comply with the uniform compliance guidelines established under subsection (a).

(e) The state or a municipality may not request proposals for performing examinations of an entity that is subject to examination under this chapter unless the request for proposals has been submitted to and approved by the state board of accounts.

(f) The state or a municipality may not enter into a contract with an entity subject to examination under this chapter if the contract does not permit the examinations and require the reports prescribed by this chapter.

(g) The state board of accounts may not authorize any of the following entities to engage a private examiner to perform an examination or prepare a report to substitute for an examination or report required under section 9 of this chapter:

(1) The state lottery commission established under IC 4-30.

(2) The Indiana horse racing commission established under IC 4-31.

(3) The Indiana gaming commission established under IC 4-33.

(h) Subsection (g) does not prohibit an entity authorized by another provision of law from engaging internal auditors or independent certified public accountants to conduct additional examinations of the books and records of the entity and to prepare reports that supplement the examinations and reports required by section 9 of this chapter. The additional examinations must comply with the uniform compliance guidelines established under subsection (a).

SECTION 6. [EFFECTIVE JULY 1, 2003] (a) IC 4-30-19-1, IC 4-30-19-2, and IC 5-11-1-24, all as amended by this act, apply



1 **only to examinations and for the fiscal years for the affected**
2 **entities beginning after December 31, 2003.**

3 **(b) IC 4-31-14 and IC 4-33-16, both as added by this act, apply**
4 **only to examinations and for the fiscal years for the affected**
5 **entities beginning after December 31, 2003.**

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